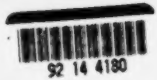

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C., 20549

MAY 1 - 1992

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

Q92-2249

For the quarterly period ended: **March 31, 1992**

or

[ ] Transition Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

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For the transition period from _____ to _____

Commission file number: **0-11671**

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POCAHONTAS BANKSHARES CORPORATION

(Exact name of registrant as specified in its charter)

West Virginia	**55-0628089**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
500 Federal Street, Bluefield, WV	**24701**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(304) 325-8181**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

$2.50 Par Value - Common Stock - 500,000 shares

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POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

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The total number of pages of the Form 10-Q Quarterly Report is seven (7) pages.

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

March 31, 1992 and December 31, 1991

	March 31, 1992	December 31, 1991
	(Dollars in Thousands)	
ASSETS		
Cash and Due from Banks	$ 7,533	$ 8,328
Investment Securities:		
(Market Value approximated $66,132 at March 31, 1992 and $69,238 at December 31, 1991)		
U.S. Treasury	27,507	26,624
U.S. Government Agencies and Corporations	26,410	29,080
States and Political Subdivisions	5,039	5,302
Other Securities	5,654	5,825
Federal Reserve Bank Stock	98	98
Total	64,708	66,929
Federal Funds Sold	6,710	14,455
Loans (Excluding Unearned Interest)	147,129	140,838
Less Allowance for Losses	1,305	1,228
Net Loans	145,824	139,610
Bank Premises and Equipment	3,679	3,699
Real Estate Owned other than Bank Premises	3,334	3,377
Other Assets	3,506	3,219
Goodwill	361	365
TOTAL ASSETS	$ 235,655	$ 239,972
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-Interest Bearing	$ 22,835	$ 26,878
Interest Bearing	179,751	177,620
Total Deposits	202,586	204,498
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	8,148	9,763
Demand Notes to U. S. Treasury and Other Liabilities for Borrowed Money	990	1,776
Long-Term Debt	3,400	3,400
Other Liabilities	1,546	1,626
TOTAL LIABILITIES	216,670	221,063
STOCKHOLDERS' EQUITY		
Common Stock – Par Value Per Share $2.50		
Shares Authorized: 2,000,000		
Shares Issued: 500,000 Shares Outstanding: 500,000	1,250	1,250
Paid-In Capital	2,035	2,035
Retained Earnings	16,049	15,803
LESS: Net unrealized loss on marketable equity securities	(349)	(179)
TOTAL STOCKHOLDERS' EQUITY	18,985	18,909
Commitments	--	--
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 235,655	$ 239,972

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31 (Dollars in Thousands Except Per Share Data)	
	1992	1991
INTEREST INCOME		
Interest and Fees on Loans	$ 3,110	$ 3,280
Interest and Dividends from Investment Securities:		
U.S. Treasury and Agencies	1,082	983
States and Political Subdivisions	108	139
Dividends on Stock	102	118
Interest on Federal Funds Sold	59	224
TOTAL INTEREST INCOME	4,461	4,744
INTEREST EXPENSE		
Interest on Time Certificates of $100,000 or more	280	355
Interest on Other Deposits	1,888	2,271
Interest on Federal Funds Purchased and Securities Sold under Agreements to Repurchase	51	105
Interest on Demand Notes to U. S. Treasury	21	48
Interest on Long-Term Borrowings	57	34
TOTAL INTEREST EXPENSE	2,297	2,813
Net Interest Income	2,164	1,931
Provision for Loan Losses	163	37
Net Interest Income After Provision for Loan Losses	2,001	1,894
NON-INTEREST INCOME		
Income from Fiduciary Activities	150	150
Other Operating Income	200	166
Securities Gains	1	1
TOTAL NON-INTEREST INCOME	351	317
NON-INTEREST EXPENSE		
Salaries, Wages, and Other Employee Benefits	807	721
Furniture and Equipment Expense	202	192
Other Non-Interest Expense	782	675
TOTAL NON-INTEREST EXPENSE	1,791	1,588
Income Before Income Taxes	561	623
Provision for Federal Income Taxes	140	142
NET INCOME	$ 421	$ 481
EARNINGS PER COMMON SHARE	$ 0.84	$ 0.96

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31, (Dollars in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES	1992	1991
Net Income	$ 421	$ 481
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	163	37
Depreciation and Amortization	126	121
Securities Gains	(1)	(1)
Increase in Interest Receivable	(254)	(788)
Amortization (Accretion) of Bond Premium (Discount)	92	(42)
Increase in other assets	(25)	(88)
Increase (Decrease) in Interest Payable and Other Liabilities	(80)	108
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	442	(172)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Decrease (Increase) in Federal Funds Sold	7,745	11,115
Purchases of Investment Securities	(5,148)	(12,092)
Proceeds from Sales Investment Securities	1,258	502
Proceeds from Maturities of Investment Securities	5,842	2,123
Net Decrease (Increase) in Loans	(6,368)	1,590
Acquisition of Fixed Assets	(78)	(51)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,251	3,187
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Demand and Savings Deposits	1,956	(4,201)
Net Decrease in Time Deposits	(3,868)	(351)
Net Decrease in Short-Term Borrowings	(2,401)	(830)
Principal Repayments of Long-Term Debt	--	(525)
Cash Dividends Paid	(175)	(175)
NET CASH USED BY FINANCING ACTIVITIES	(4,488)	(6,082)
NET DECREASE IN CASH AND DUE FROM BANKS	(795)	(3,067)
CASH AND DUE FROM BANKS AT JANUARY 1,	8,328	8,909
CASH AND DUE FROM BANKS AT MARCH 31,	$ 7,533	$ 5,842
Supplemental disclosures or cash flow information:		
Cash paid during the period for:		
Interest	$ 2,431	$ 2,874
Income taxes	$ 10	$ 29

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Three Months Ended March 31,	
	(Dollars in Thousands)	
	1992	1991
BALANCE, JANUARY 1	$ 18,909	$ 18,086
Net Income	421	481
Cash Dividends Declared – $0.35 per share, 1992 and 1991	175	175
Unrealized Recovery (Loss) on Marketable Equity Security	(170)	18
BALANCE, MARCH 31,	$ 18,985	$ 18,410

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principals for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Rule S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments were of a normal recurring nature. Operating results are for the three-month period ended March 31, 1992, and are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information refer to the financial statements and footnotes thereto included as Exhibit 13 to Registrant's annual report on Form 10-K for the year ended December 31, 1991.

Note B - REGULATORY CAPITAL REQUIREMENTS

Regulators of the registrant and its subsidiaries have implemented risk-based capital guidelines which require the maintenance of certain minimum capital as a percent of assets and certain off-balance sheet items adjusted for predefined credit risk factors. These guidelines are to be fully implemented by December 31, 1992. As of December 31, 1992, the regulatory minimum for Tier 1 and combined Tier 1 and Tier 2 capital ratios will be 4.0% and 8.0% respectively. Tier 1 capital will include tangible common shareholders' equity reduced by goodwill and certain other intangibles. Tier 2 capital will include portions of the allowance for loan losses, not to exceed Tier 1 capital. In addition to the risk-based guidelines, a minimum leverage ratio (Tier 1 capital as a percentage of average total consolidated assets) of 3% is required. This minimum may be increased by at least 1% or 2% for entities with higher levels of risk or that are experiencing or anticipating significant growth. The following table contains the capital ratios for the registrant and each subsidiary under the 1992 guidelines.

Entity	Tier 1	Combined Capital (Tier 1 and Tier 2)	Leverage
Consolidated	11.37%	12.16%	7.87%
The First National Bank of Bluefield	11.38%	12.16%	8.22%
The Bank of Oceana	15.51%	16.41%	9.07%
First Century Bank	35.34%	36.13%	24.57%

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition
and Results of Operations

During the first quarter of 1992 net income declined 12.5% from the $481,000 earned during the first quarter of 1991 to the $421,000 earned during the first three months of 1992. One of the primary reasons for this decrease was an increase in non-interest expense, principally relating to the Registrant's expansion into the Commonwealth of Virginia and the opening of two new offices. Also the provision for loan losses increased rather significantly when compared to the first quarter of 1991. The provision for loan losses increased $126,000. This nearly fourfold increase in the provision, offset a significant improvement in the net interest margin. The Corporation's net interest margin improved $233,000 or a little more than 12% when compared to the first quarter of 1991. However, the increase in the provision for loan losses negated much of this gain and the net credit margin increased modestly to a little more than $2 million, as compared to $1.9 million in 1991 or approximately 5.7%. Non-interest income increased $34,000 or 10.7% during the first quarter. Non-interest expense increase $203,000 or 12.8%, reflecting the opening of two additional offices during last three quarters of 1991. This increase resulted in the erosion of all of the improvement in the net credit margin, and resulted in a decline of $62,000 or 10% in income before income taxes. On a per share basis net income decreased $0.12 a share from $0.96 in 1991 to $0.84 in 1992 or a decrease of 12.5%.

Total assets at March 31, 1992 increased approximately $24.3 million or 11.5% from March 31, 1991. Total loans increased $21.2 million or 16.9% during the same period. Investment securities decreased $1.1 million or 1.6% during this period. Deposits increased $21.9 million or 12.2% from March 31, 1991 to March 31, 1992.

When compared to the fourth quarter of 1991 net income increased $338,000. This large increase was the result of increased loan write-offs during the fourth quarter of 1991. Total assets declined approximately $4.3 million or 1.8% from December 31, 1991 to March 31, 1992. During this same period total loans increased approximately $6.3 million or approximately 4.5%. Investment securities decreased $2.2 million or 3.3% during this period. Deposits decreased $1.9 million or a little less than 1%.

PART II. OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K.

(a.) None

(b.) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Pocahontas Bankshares Corporation

By: Wm. E. Albert

William E. Albert, Treasurer/
Assistant Secretary and Chief Financial
Officer (Principal Accounting and
Financial Officer)

Date: May 13, 1992